

Senate File 181 - Introduced

SENATE FILE 181

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1056)

A BILL FOR

1 An Act relating to property taxes and income taxes by modifying
2 the calculation of assessment limitations for certain
3 property, amending provisions relating to certain tax
4 withholding requirements and tax credits, and including
5 effective date and retroactive applicability provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

ASSESSMENT LIMITATIONS

1
2
3 Section 1. Section 441.21, subsection 4, Code 2023, is
4 amended to read as follows:

5 4. For valuations established as of January 1, 1979,
6 the percentage of actual value at which agricultural and
7 residential property shall be assessed shall be the quotient of
8 the dividend and divisor as defined in [this section](#).

9 a. (1) The dividend for each class of property shall be
10 the dividend as determined for each class of property for
11 valuations established as of January 1, 1978, adjusted by the
12 product obtained by multiplying the percentage determined
13 for that year by the amount of any additions or deletions to
14 actual value, excluding those resulting from the revaluation
15 of existing properties, as reported by the assessors on the
16 abstracts of assessment for 1978, plus six percent of the
17 amount so determined.

18 (2) However, if the difference between the dividend so
19 determined for either class of property and the dividend for
20 that class of property for valuations established as of January
21 1, 1978, adjusted by the product obtained by multiplying
22 the percentage determined for that year by the amount of
23 any additions or deletions to actual value, excluding those
24 resulting from the revaluation of existing properties, as
25 reported by the assessors on the abstracts of assessment for
26 1978, is less than six percent, the 1979 dividend for the other
27 class of property shall be the dividend as determined for that
28 class of property for valuations established as of January
29 1, 1978, adjusted by the product obtained by multiplying
30 the percentage determined for that year by the amount of
31 any additions or deletions to actual value, excluding those
32 resulting from the revaluation of existing properties, as
33 reported by the assessors on the abstracts of assessment for
34 1978, plus a percentage of the amount so determined which is
35 equal to the percentage by which the dividend as determined

1 for the other class of property for valuations established
2 as of January 1, 1978, adjusted by the product obtained by
3 multiplying the percentage determined for that year by the
4 amount of any additions or deletions to actual value, excluding
5 those resulting from the revaluation of existing properties, as
6 reported by the assessors on the abstracts of assessment for
7 1978, is increased in arriving at the 1979 dividend for the
8 other class of property.

9 (3) For valuations established for assessment years
10 beginning on or after January 1, 2022, the calculation of the
11 dividend for residential property under this subsection shall
12 exclude the value of all property described in subsection 14,
13 paragraph "a", subparagraphs (2), (3), (4), (5), and (6),
14 and the property described in subsection 14, paragraph "a",
15 subparagraph (7), that contains three or more separate dwelling
16 units.

17 b. (1) The divisor for each class of property shall be
18 the total actual value of all such property in the state
19 in the preceding year, as reported by the assessors on the
20 abstracts of assessment submitted for 1978, plus the amount of
21 value added to said total actual value by the revaluation of
22 existing properties in 1979 as equalized by the director of
23 revenue pursuant to [section 441.49](#). The director shall utilize
24 information reported on abstracts of assessment submitted
25 pursuant to [section 441.45](#) in determining such percentage.

26 (2) For valuations established for assessment years
27 beginning on or after January 1, 2022, the calculation of the
28 divisor for residential property under this subsection shall
29 exclude the value of all property described in subsection 14,
30 paragraph "a", subparagraphs (2), (3), (4), (5), and (6),
31 and the property described in subsection 14, paragraph "a",
32 subparagraph (7), that contains three or more separate dwelling
33 units.

34 c. (1) For valuations established as of January 1, 1980,
35 and each assessment year thereafter beginning before January

1 1, 2013, the percentage of actual value as equalized by the
2 director of revenue as provided in [section 441.49](#) at which
3 agricultural and residential property shall be assessed shall
4 be calculated in accordance with the methods provided in
5 this subsection, including the limitation of increases in
6 agricultural and residential assessed values to the percentage
7 increase of the other class of property if the other class
8 increases less than the allowable limit adjusted to include
9 the applicable and current values as equalized by the director
10 of revenue, except that any references to six percent in this
11 subsection shall be four percent.

12 (2) For valuations established as of January 1, 2013, and
13 each assessment year thereafter, the percentage of actual
14 value as equalized by the department of revenue as provided in
15 section 441.49 at which agricultural and residential property
16 shall be assessed shall be calculated in accordance with the
17 methods provided in [this subsection](#), including the limitation
18 of increases in agricultural and residential assessed values to
19 the percentage increase of the other class of property if the
20 other class increases less than the allowable limit adjusted
21 to include the applicable and current values as equalized by
22 the department of revenue, except that any references to six
23 percent in [this subsection](#) shall be three percent.

24 Sec. 2. IMPLEMENTATION.

25 1. Notwithstanding the requirements of section 441.21,
26 subsection 9, and any other provision of law to the contrary,
27 the director of the department of revenue shall, within two
28 business days following the effective date of this division
29 of this Act, issue an amended order certifying to the county
30 auditor of each county the percentages of actual value at which
31 residential property, commercial property, industrial property,
32 and property valued by the department of revenue pursuant
33 to chapter 434 shall be assessed for taxation under section
34 441.21, subsection 9, for the assessment year beginning January
35 1, 2022. The amended order shall supersede all previous

1 orders certifying percentages for assessment limitations for
2 residential property, commercial property, industrial property,
3 and property valued by the department of revenue pursuant to
4 chapter 434 for the assessment year beginning January 1, 2022.

5 2. Notwithstanding the requirements of section 441.21,
6 subsection 9, and any other provision of law to the contrary,
7 upon receipt of the amended order under subsection 1, each
8 county auditor shall proceed to determine the assessed values
9 of residential property, commercial property, industrial
10 property, and property valued by the department of revenue
11 pursuant to chapter 434 for the assessment year beginning
12 January 1, 2022, by applying the percentages from the amended
13 order to the actual value of such property reported to the
14 county auditor by the assessor. The assessed values so
15 determined shall be the taxable values of such properties upon
16 which the applicable levy shall be made.

17 3. Notwithstanding any provision of law to the contrary,
18 each county auditor, within fifteen days after issuance of the
19 order under subsection 1, shall report the valuation by class
20 of property for each taxing district in the county for the
21 assessment year beginning January 1, 2022, to the department of
22 management on forms provided by the department of management.
23 The valuations reported shall be the valuations used for
24 determining the levy rates necessary to fund the budgets of the
25 taxing districts for the fiscal year beginning July 1, 2023.

26 4. County and city budgets for the fiscal year beginning
27 July 1, 2023, notwithstanding any other provision of law
28 governing the timing of certifying county and city budgets,
29 including the budget amount limitations under section 331.434,
30 subsection 7, and section 384.16, subsection 6, shall be
31 certified on or before April 15, 2023. If a county or city
32 certifies its applicable budget after March 31, 2023, all
33 relevant postcertification deadlines for that county or city
34 shall be tolled by the number of days after March 31 that the
35 county or city certified its budget.

1 the Internal Revenue Code ~~at a rate to be specified by the~~
2 ~~department~~ made to Iowa residents if the payments are subject
3 to Iowa tax.

4 EXPLANATION

5 The inclusion of this explanation does not constitute agreement with
6 the explanation's substance by the members of the general assembly.

7 This bill relates to property taxes and income taxes.

8 DIVISION I — ASSESSMENT LIMITATIONS. Code section
9 441.21(4) establishes the calculation used to determine the
10 assessment limitation for residential property and agricultural
11 property. As the result of 2021 legislation, certain property
12 that was previously classified as multiresidential property
13 is classified as residential property for assessment years
14 beginning on or after January 1, 2022, and the valuations of
15 such property are included within the aggregate valuations
16 used to calculate the assessment limitation under Code section
17 441.21(4). The bill excludes the values of the following from
18 the calculation of the assessment limitation for assessment
19 years beginning on or after January 1, 2022: mobile home
20 parks; manufactured home communities; land-leased communities;
21 assisted living facilities; parcels primarily used or intended
22 for human habitation containing three or more separate dwelling
23 units; and that portion of a parcel primarily used or intended
24 for use as commercial property or industrial property that is
25 used or intended for human habitation containing three or more
26 separate dwelling units.

27 The bill includes implementation provisions requiring the
28 director of the department of revenue, within two business
29 days following the effective date of the bill, to issue an
30 amended order certifying to the county auditor of each county
31 the percentages of actual value at which residential property,
32 commercial property, industrial property, and property valued
33 by the department of revenue pursuant to Code chapter 434 shall
34 be assessed for taxation. The bill also requires each county
35 auditor to determine revised assessed values based on the

1 amended order and report the revised values to the department
2 of management within 15 days after issuance of the order and
3 includes provisions governing the certification of county and
4 city budgets for the fiscal year beginning July 1, 2023.

5 The division takes effect upon enactment and applies
6 retroactively to assessment years beginning on or after January
7 1, 2022.

8 DIVISION II — EMPLOYER CHILD CARE TAX CREDIT. The bill
9 specifies the employer child care tax credit is available
10 against the individual and corporate income taxes, the
11 franchise tax, the insurance premiums tax, and the moneys and
12 credits tax, for the portion of the federal employer-provided
13 child care tax credit provided in section 45F of the Internal
14 Revenue Code, attributable to expenditures made in this
15 state. The division takes effect upon enactment and applies
16 retroactively to January 1, 2023, for tax years beginning on
17 or after that date.

18 DIVISION III — RETIREMENT INCOME — WITHHOLDING. Beginning
19 with tax years beginning on or after January 1, 2023,
20 retirement income is not subject to Iowa individual income
21 tax. The bill specifies a withholding agent is not required to
22 withhold Iowa individual income tax from retirement income if
23 the retirement income is not subject to Iowa tax.